

Engagement Session :

**Quality of Suspicious Transaction
Report (STR)**

*- AML/CFT Requirements and Reporting
Obligations*

23 November 2022

Presentation Outline

01 | AML/CFT Requirements

02 | Reporting Obligations

Enhancement of Guidelines on AML/CFT & TFS for Key Reporting Institutions (KRIs)

GUIDELINES ON AML/CFT (issued in 2013)

Formulated in accordance with the provisions of :

- ❑ AMLA 2001
- ❑ FATF 40

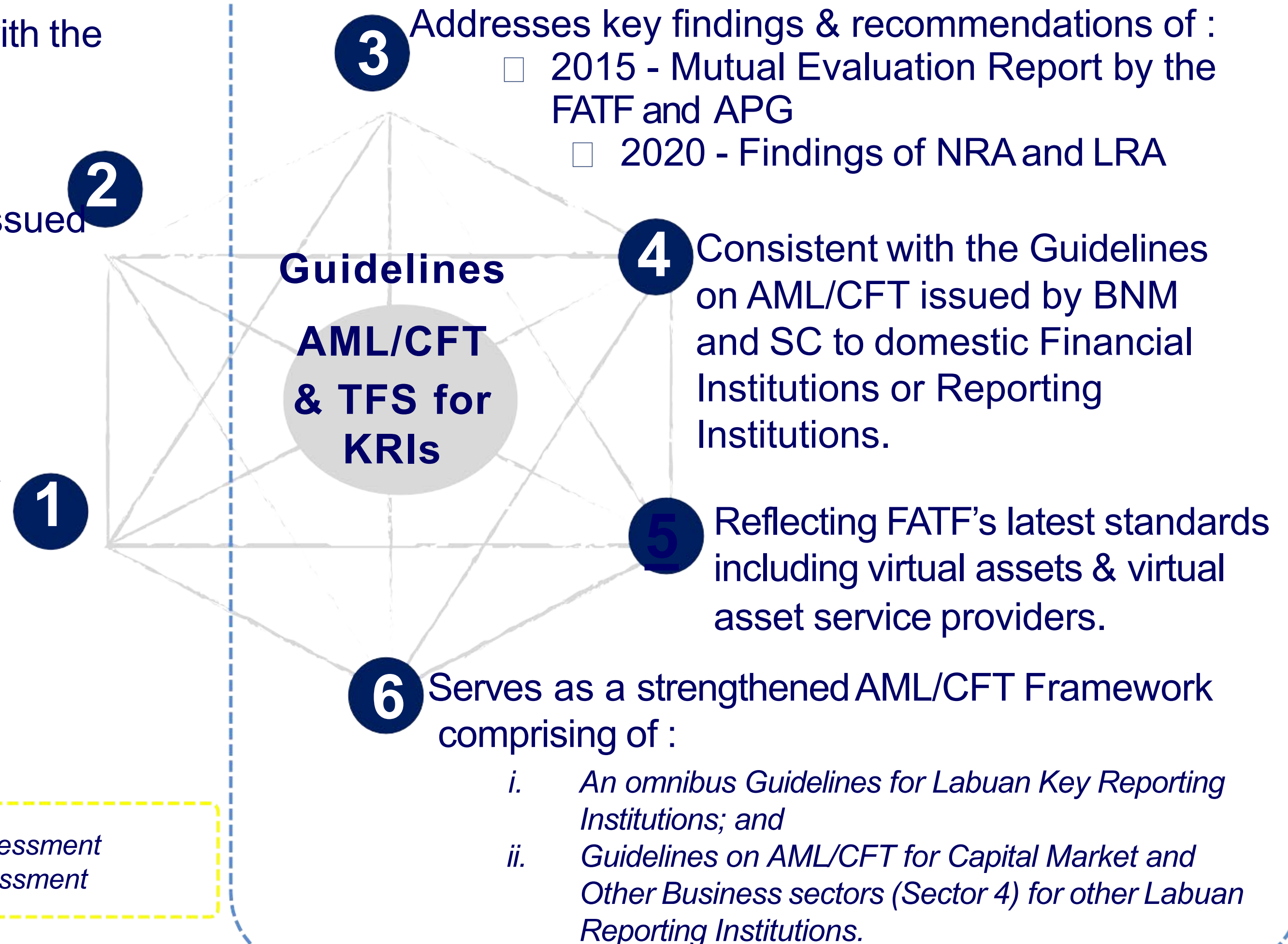
Recommendations issued in 2012

AML/CFT Sectoral Guidelines issued in 2013 comprising 4 Guidelines for different sectors.

- ❖ NRA – National Risk Assessment
- ❖ LRA – Labuan Risk Assessment

GUIDELINES ON AML/CFT AND TFS FOR KRIs (issued in 2022)

<https://www.labuanfsa.gov.my/amlcft/guidelines-directives-circulars>



1. AML/CFT REQUIREMENTS

Guidelines on AML/CFT and TFS for Labuan Reporting Key Reporting Institutions (KRIs)



Application of Risk-Based Approach



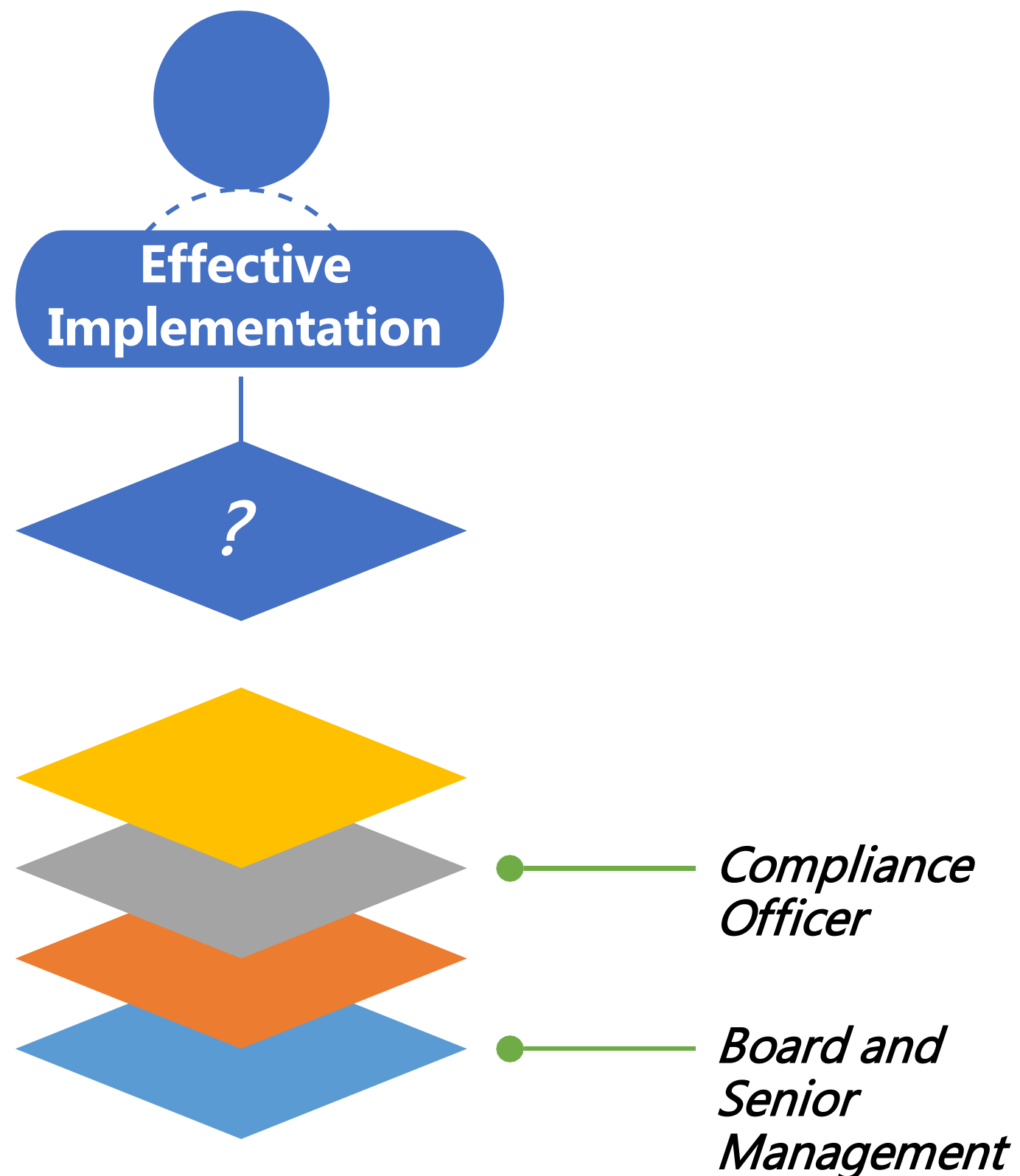
Compliance Programme



Customer Due-Diligence



Suspicious Transaction Report (STR)



1. AML/CFT REQUIREMENTS

Application of Risk Based Approach

Expectations?

Risk Management
Functions

Risk Control and Mitigation

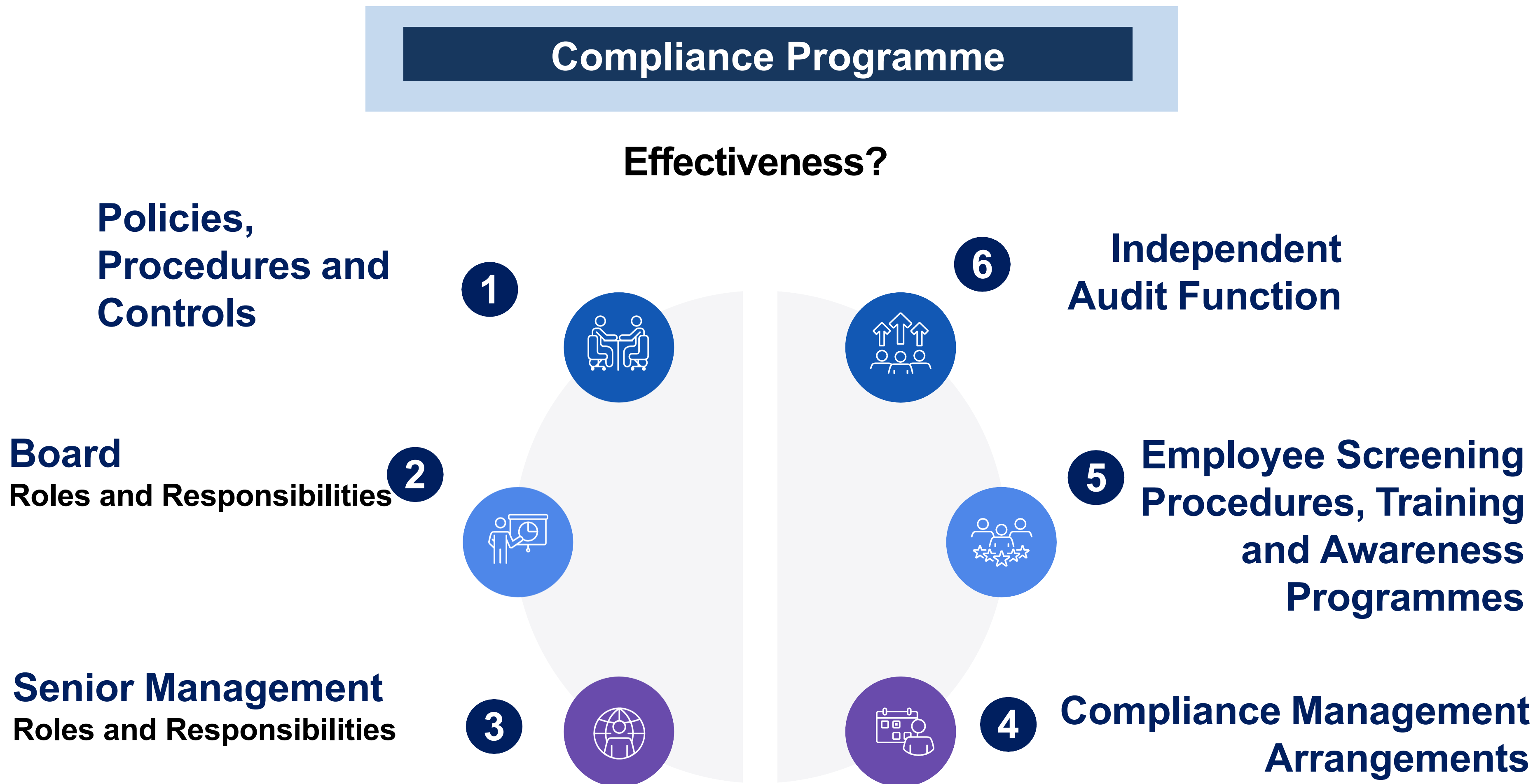
Board &
Senior
Management

Risk Assessment

Risk Profiling

Risk
Reporting

1. AML/CFT REQUIREMENTS



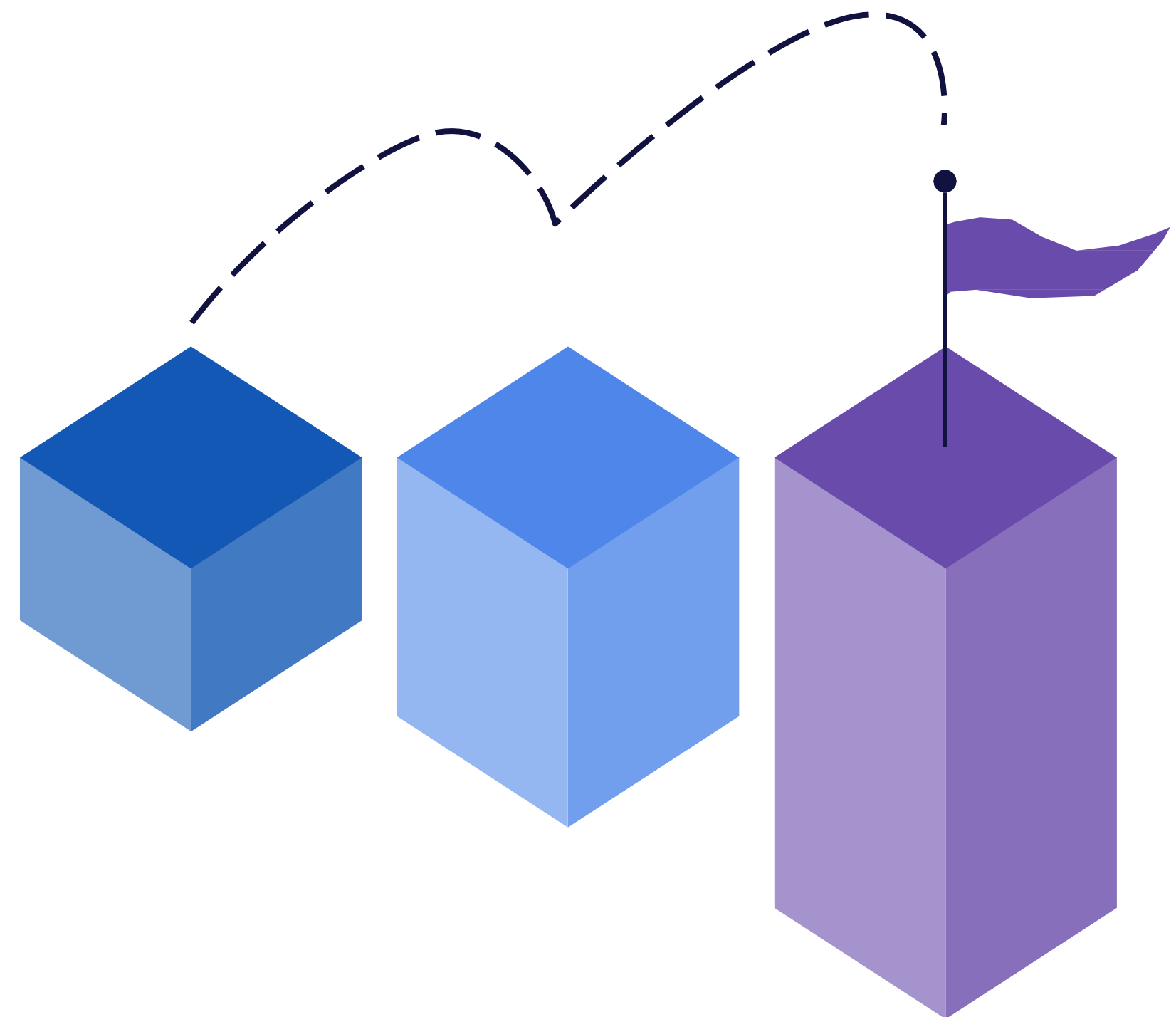
1. AML/CFT REQUIREMENTS

Customer Due Diligence (CDD)

Next steps?

- 1 Standard CDD
- 2 Specific CDD
- 3 Simplified CDD
- 4 Enhanced CDD
- 5 Ongoing Due Diligence

**Failure to
Satisfactory
Complete
CDD**



2. AML/CFT REQUIREMENTS - Reporting Obligations

Suspicious Transaction Report (STR)

What?

Suspicious transaction refers to any transaction (attempted or proposed), required to be reported if there is a ground of suspicion ...

When



- a) unusual
- b) illegal
- c) not commensurate with profile
- d) not commensurate with business activities
- e) involves in proceeds from an unlawful activity
- f) involves in money laundering or terrorism financing activities

Who



RIs –
designated compliance officer (DCO)

Where



Financial Intelligence and Enforcement Department (FIED) –
BNM

How



- a) Financial Intelligence System (FINS) – *have access to FINS*
- b) Physical copy to director of FIED, BNM or email to str@bnm.gov.my – *have not been granted access to FINS*
- c) Notification of submission to LFSA via email at aml@labuanfsa.gov.my

2. AML/CFT REQUIREMENTS - Reporting Obligations

Overview of Financial Intelligence System (FINS)

Web-based online system platform –
implemented in 2006 by BNM



Access granted to DCO - 2 IDs via application

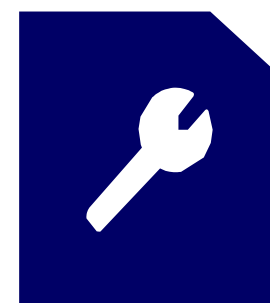
To provide details :

- i. Name*
- ii. Identification No.*
- iii. Designation*
- iv. E-mail Address and Contact No.*



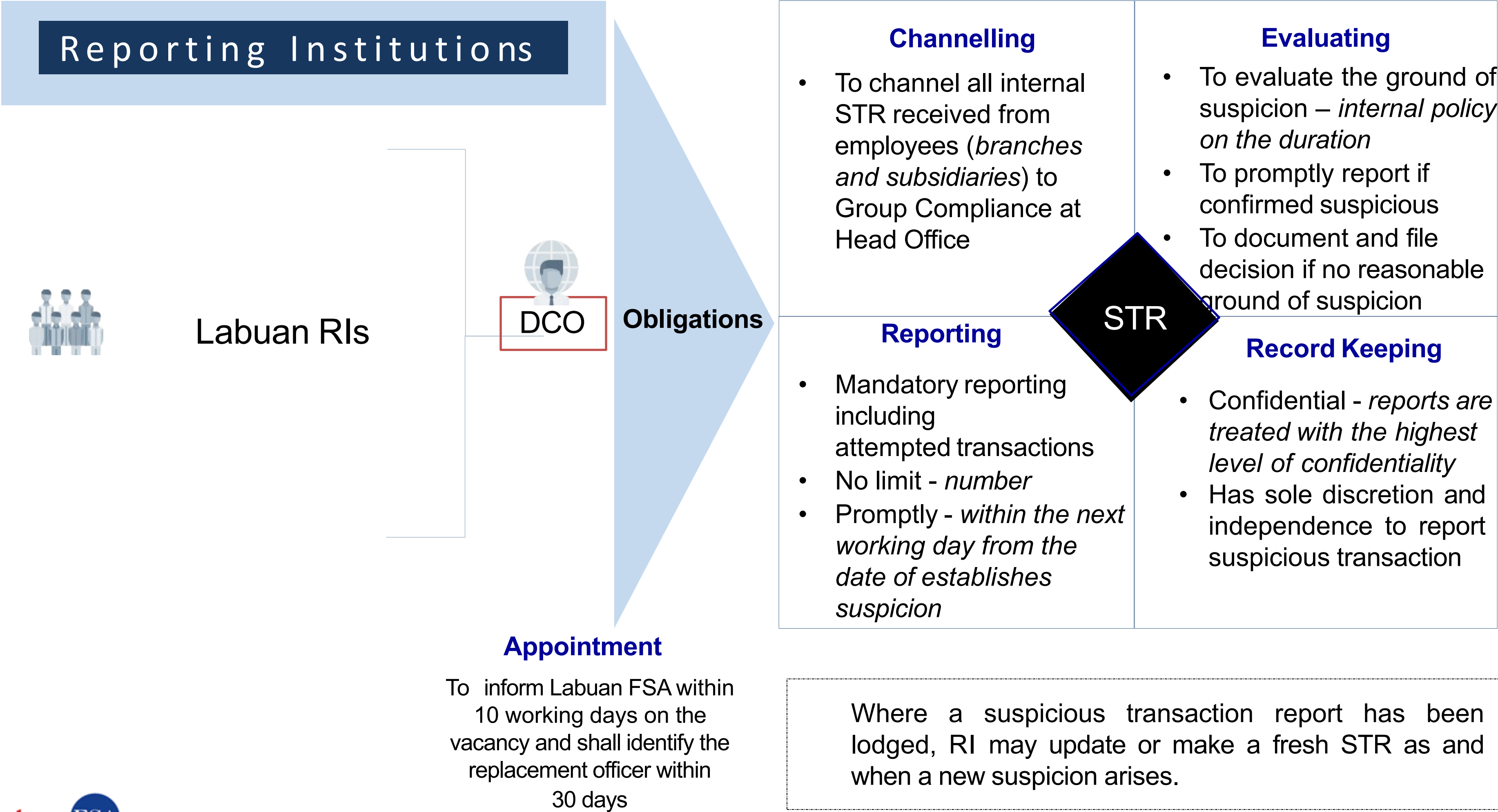
Administrator – Regulator

- i. Create ID*
- ii. Enable/Disable Access*



2. AML/CFT REQUIREMENTS - Reporting Obligations

Roles and Obligations of Reporting Institutions to lodge STR ... Designated Compliance Officer (DCO)



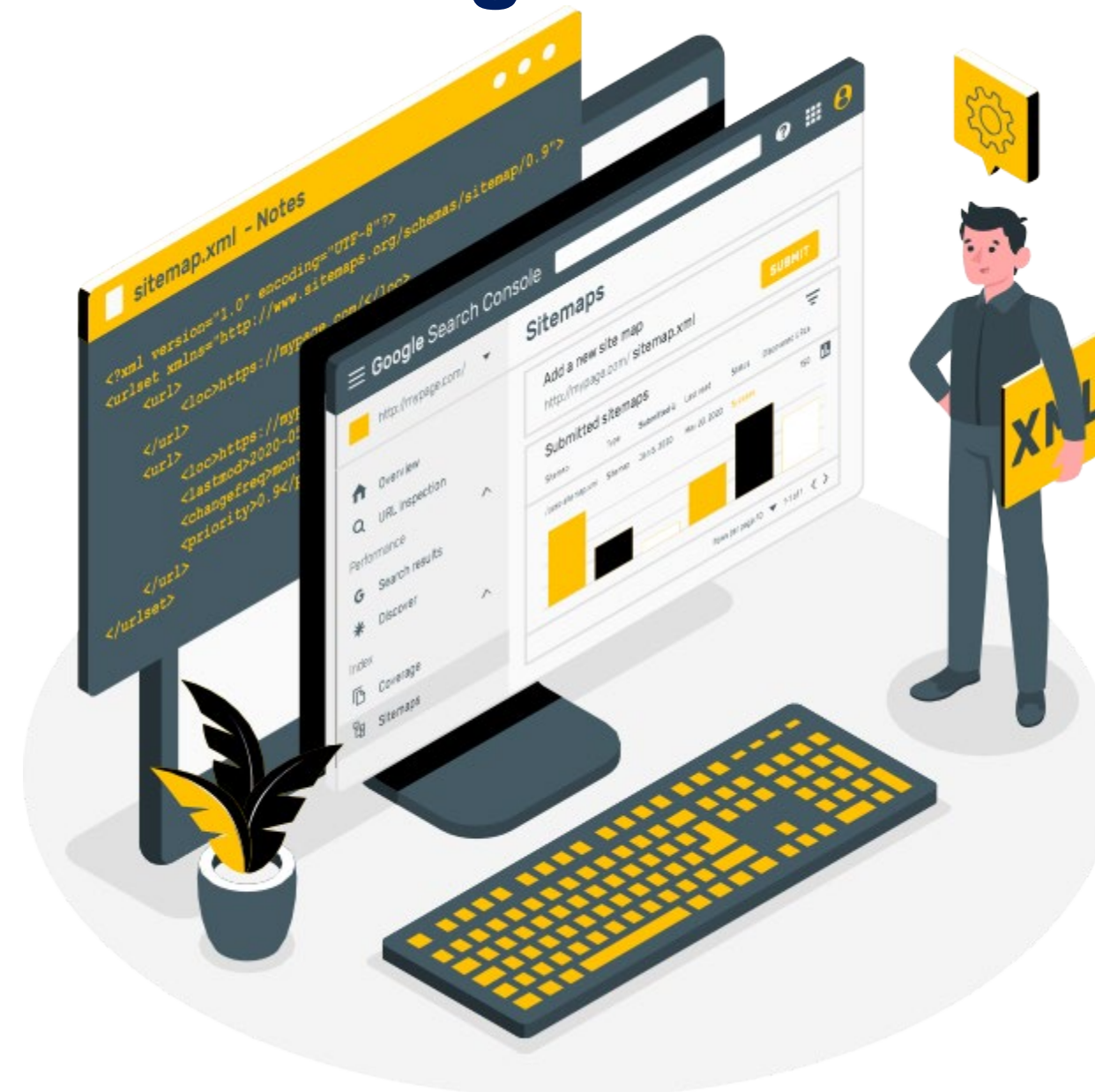
2. AML/CFT REQUIREMENTS - Reporting Obligations

Suspicious Transaction Report

DCO or person who has knowledge of STR ...

Do's

- a) Preserve secrecy
- b) Promptly submit STR - DCO
- c) Continue to monitor the activities of the reported account or person – DCO



Don'ts

Tipping-off – *except if the disclosure is made by a person:*

- a) to exercise his function under AMLA
- b) to advise on the risks involved in dealing with the reported person
- c) to act in connection with the performance of his duties to the supervisory authority; or with the authorization of the competent authority

Section 14A of the AMLA prohibits against disclosure of reports and related information. Failing which a person may be subjected to a fine of not exceeding RM3 million or to imprisonment for a term not exceeding five year or to both.

THANK YOU

DISCLAIMER

This presentation should not be regarded as offering a complete explanation on AML/CFT and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.